

## Message Text

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73

ORIGIN COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 XMB-02 TRSE-00 /016 R

DRAFTED BY COM/OED/MEPD/TJASPER/CF

APPROVED BY EB/OCA/CM/JJREILLY

COM/OED/MEPD/SMCONGER

COM/OED/MEPD/JRHEAGEN ACT DIR

COM/OIM (INFO COPY)

STATE/ARA/BR/TSHUGART

EXIM/THULIHAN (INFO)

ALT ED/IBRD/HREYNOLDS (PHONE)

ARA/BR/TSHUGART (INFO)

ARA/ECP/DLACEY (INFO)

----- 015584

P 072051Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

INFO AMCONSUL SAO PAULO PRIORITY

C O N F I D E N T I A L STATE 221144

E.O. 11652: GDS

TAGS: BENC, BR

SUBJECT: MAJOR PROJECT: SIDERBRAS EXPANSION

REF: RIO DE JANEIRO 3296

1. INITIAL FEEDBACK FROM U.S. DIRECTOR AT IBRD INDICATES THAT BANK HAS IN FACT RECENTLY COMPLETED APPRAISAL REPORT ON SUBJECT PROJECT. WE UNDERSTAND MAJOR FEATURE OF REPORT IS THAT IT FORECASTS CRS 1.4 BILLION IN COST OVERRUNS ON PHASE III UNLESS BRAZILIANS REDUCE SCOPE OF PROJECT. FURTHERMORE WITHOUT REDUCTION REPORT PREDICTS THAT CSN MAY EXPERIENCE FINANCIAL DIFFICULTIES.

2. AS A RESULT OF BANK REPORT WE UNDERSTAND CSN HAS ASKED  
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USS ENGINEERS AND CONSULTANTS (UEC) TO RE-EXAMINE

EXPANSION PLAN AND TO MAKE RECOMMENDATIONS REGARDING  
REDUCING PROJECT SCOPE WHILE MAINTAINING GOB OBJECTIVE  
OF CONTINUING GROWTH IN STEEL SECTOR.CSN HAS ALSO HIRED  
BRAZILIAN FIRM TO ANALYZE MANAGEMENT STRUCTURE AND  
DECISION-MAKING PROCEDURES.

3. WE ARE SEEKING ADDITIONAL INFORMATION FROM BANK AND

UNTIL WE CAN REPORT IN MORE DETAIL SUGGEST POST USE  
CAUTION IN DISCUSSING MATTER WITH GOB OFFICIALS.  
HOWEVER WE WOULD APPRECIATE POST COMMENTS REGARDING  
HOW THIS LATEST DEVELOPMENT MIGHT AFFECT U.S.  
BIDDERS.  
ROBINSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1976STATE221144  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OED/MEPD/TJASPER/CF  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 76 RIO DE JANEIRO 3296  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 JUL 2004 by CunninFX>; APPROVED <25 OCT 2004 by greeneet>  
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EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT: SIDERBRAS EXPANSION  
**TAGS:** BENC, BR  
**To:** BRASILIA RIO DE JANEIRO  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006